



INSPECTOR GENERAL REPORT

2011-02-0061

August 16, 2012

SPD AUDIT

Inspector General Staff Attorney Kristi Shute, after an investigation by Special Agent Darrell Boehmer, reports as follows:

On February 8, 2011, the Office of the Inspector General ("OIG") received information from the State Personnel Department ("SPD") stating that a former employee possibly carried ineligible dependents on her state provided health insurance. The SPD requested the OIG's assistance in determining the dependents' eligibility.

Every year the SPD requires state employees to select benefits, including medical, dental and vision insurance, in what is known as open enrollment. Aside from open enrollment, employees are only permitted to change their benefit packages and insurance coverage upon the occurrence of a qualifying event, such as marriage, divorce or the birth of a child. During open enrollment, employees also identify spouses and dependent children who will be covered under the employee's insurance.

In the summer of 2010, the SPD conducted a dependent eligibility verification audit using third party administrator Aon Consulting. On June 29, 2010, Aon Consulting sent the employee a letter requesting that she complete and return the enclosed Affidavit Signature Form and provide documentation for her three children to verify their eligibility. Copies of the children's birth certificates, along with full-time student documentation for two of the children were required to complete the audit. She did not respond to this request.

Due to the lack of response, a second letter was sent to the employee extending the deadline for providing the needed documentation to September 10, 2010. On August 5, 2010, Aon Consulting received an Affidavit and partial documentation from the employee. On the Affidavit, the employee marked two children as no longer eligible for coverage. On the same Affidavit, she marked her other child as eligible and provided a copy of her birth certificate to verify eligibility. When contacted by the SPD, the employee stated she marked her daughter as ineligible because she was married on June 12, 2010 and her son had joined the Marines. The SPD requested copies of both children's birth certificates, a copy of the daughter's marriage license and information on when her son joined the Marines. The employee did not respond to this request for documentation and was terminated.

During the investigation, Special Agent Boehmer confirmed the daughter's marriage and son's enlistment into the Marines. He also learned that the child claimed as eligible on the Affidavit was in fact eligible for benefits. He

determined that no claims were paid for the son during the ineligible period but a few claims were paid on the daughter after she was married and no longer eligible. He also established that the employee had not enrolled any ineligible dependents in any open enrollment after the audit was performed.

Since there was no intent to defraud, the one child claimed as eligible on the Affidavit was in fact eligible for benefits, the employee notified the SPD at the first opportunity to make the changes once put on notice that she needed to verify the eligibility of her dependents, in this case, during the audit, she did not enroll the ineligible dependents during any open enrollment after the audit, and she was terminated, this investigation is closed for lack of merit.

Dated this 16th day of August, 2012.

APPROVED BY:

/s/ David O. Thomas, Inspector General